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TAB 1 - ADDITIONAL BACKGROUND

**Strengthening Venezuelan Democratic Institutions
(\$1,000,000)**

POLICY JUSTIFICATION

U.S. interests in the Western Hemisphere require a strong, stable, democratic Venezuela as a partner in the struggle against narcotics trafficking and regional terrorism. Through most of the last half of the last century, Venezuela stood as a democratic model for much of the rest of South America. However, since coming to power, President Chavez has been weakening gradually many of Venezuela's democratic institutions. Recently, there have been signs of a more rapid and widespread movement away from democracy and toward increased authoritarianism. The continued viability of Venezuelan democracy depends upon the reestablishment of viable, vibrant, and credible political parties; the renewed ability of organized labor to elucidate and defend the interests of its constituents; the strengthening of an independent, objective press; and the existence of robust civil-society organizations. Without support Venezuela's currently marginal democratic institutions will continue to atrophy and will be unable to withstand President Chavez's assaults and, more importantly, will not be able to provide a base for a transition to a stronger democracy after his term ends.

PROGRAM JUSTIFICATION

In an effort to respond to the changing conditions and challenges to democracy in Venezuela, DRL plans to provide up to \$1,000,000 in FY 2001 ESP/HRDF to protect and support the democratic processes and institutions in the country. The National Endowment for Democracy (NED) will use the funds to support initiatives implemented by sub-grantees related to freedom of expression and journalism, rule of law, civic education, political party building, labor organization, economic reform and business associations, and NGO development. These initiatives could include supporting the consolidation and operation of a national journalists' alert network; expanding a program designed to decentralize the justice system and support the election of local justices to more communities; supporting local efforts at party building; and increasing activities in the

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areas of coalition building, leadership training, and outreach to youth activists. Approximately 15.25% of the funds for this project will be used to cover NED's administrative costs for managing the subgrants. The remainder of the funds will be used to award subgrants. While we do not have information on specific expenses to be covered under the subgrants because NED cannot solicit proposals for subgrants until receiving a grant from DRL, NED's policy is to cover only costs that are project driven. We anticipate that expenses could include salaries, training, travel, information dissemination costs, and other costs incurred by the subgrantees in fulfilling the objectives of their individual projects. DRL/PHD will administer this project.

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